

This letter discusses a number of trade-in situations regarding lessors of motor vehicles. See 86 Ill. Adm. Code 130.455. (This is a PLR).

August 25, 2005

Dear Xxxxx:

This letter is in response to your letter dated November 26, 2002, in which you request information. We apologize for the lengthy delay in responding to your inquiry. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

Review of your request disclosed that all the information described in paragraphs 1 through 8 of Section 1200.110 appears to be contained in your request. This Private Letter Ruling will bind the Department only with respect to TRUST and LLC for the issue or issues presented in this ruling, and is subject to the provisions of subsection (e) of Section 1200.110 governing expiration of Private Letter Rulings. Issuance of this ruling is conditioned upon the understanding that neither TRUST and LLC nor a related taxpayer is currently under audit or involved in litigation concerning the issues that are the subject of this ruling request. In your letter you have stated and made inquiry as follows:

In your letter, you have stated and made inquiry as follows:

This law firm represents LLC and Trust ('Trust') (collectively, the 'Taxpayers') and hereby requests a ruling on behalf of the Taxpayers concerning certain Illinois sales and use tax issues relating to the facts and transactions described below.

This ruling request amends and supersedes our ruling request dated June 11, 2002. Please do not respond to that request. A power of attorney authorizing our firm's representation is enclosed. No audit or litigation is pending with regard to the transactions and no specific tax period is at issue. To the best of the Taxpayers' knowledge and that of the Taxpayers' representative, the Department of Revenue has not previously ruled on the same or similar issue for the Taxpayers or any predecessors nor have the Taxpayers or any of their representatives submitted the same or a similar issue to the Department but withdrew it before a letter ruling was issued.

Facts

XYZ, ABC and LLC have been engaging in the business of purchasing motor vehicles and related lease rights from Illinois motor vehicle dealers ('Dealer' or 'Dealers'). In August 2001, LLC formed a Titling Trust to acquire motor vehicles and related lease rights from the Dealers. On November 30, 2001, ABC merged into XYZ and XYZ then merged into LLC, with LLC being the surviving entity. As of December 1, 2001, LLC discontinued its purchase of motor vehicles and related lease rights, but is continuing its other lines of business and administers and owns the vehicles and lease rights acquired by XYZ and ABC prior to November 30, 2001.

Structure Prior to November 30, 2001:

Prior to November 30, 2001, in a typical transaction, the Dealer purchased a motor vehicle from a motor vehicle manufacturer. The Dealer held the vehicle in inventory to sell or lease the vehicle to a customer. A retail customer who wished to lease a motor vehicle selected the vehicle from the Dealer's inventory. The terms of a lease were then negotiated between the Dealer and the customer. At that time, the Dealer submitted a credit application signed by the customer to XYZ or ABC. Upon approval of the credit application by XYZ or ABC, the Dealer and the customer executed a lease, the term of which exceeded 1 year. At the same approximate time as the execution of the lease, the Dealer sold the leased vehicle and assigned the lease rights to XYZ or ABC and paid any applicable sales tax to the Department of Motor Vehicles at the time of registration of the title pursuant to a power of attorney given to the Dealer by XYZ or ABC. The vehicle was then titled and registered in the name of XYZ or ABC.

When the lease term expired or terminated, the lessee returned the leased vehicle to the Dealer that assigned the lease to XYZ or ABC. In many cases XYZ or ABC then delivered the vehicle directly to an auction house to be purchased by another Dealer. The Dealer that acquired the off lease vehicle applied the purchase price of the off-lease vehicle to reduce the price of a new vehicle that was simultaneously purchased for lease by ABC. The tax on the new purchase by ABC was computed on the reduced tax base and was paid by the Dealer to the Department of Motor Vehicles at the time of registration of the vehicle.

In certain cases, at the time the off-lease vehicle was acquired by the Dealer, ABC obtained an advance trade-in credit by entering into a contract with the Dealer that required that ABC purchase another vehicle from the Dealer within 9 months. A sample contract used in claiming the advance trade-in credit is enclosed. The contract established the value of the traded-in vehicles, the obligation to purchase a vehicle within 9 months and the date of expiration of the advance trade-in credit. The additional requirements for claiming the advance trade-in credit were also met because (1) the bill of sale for the traded-in vehicle was retained, and (2) the appropriate sales or use tax return evidencing the purchase of the replacement vehicle that recorded the application of the advance trade-in credit was retained. For these advance trade-ins, the Dealer reduced the tax base of the new vehicle purchased by ABC, provided that the new purchase occurred within the applicable 9-month period. For 'simultaneous' trade-ins, the Dealer reduced the tax base of the newly purchased vehicle by the amount paid for the relinquished vehicle at the time of the trade, and tax was remitted on the reduced tax base at that time.

Current Structure:

After the November 30, 2001 merger of ABC into XYZ and XYZ into LLC, LLC succeeded to all of the rights of XYZ and ABC under Illinois Corporate law. When a merger or consolidation has been effected, all parties to the merger become a single entity, which in this case is LLC.¹ Commencing November 30, 2001, the structure outlined above remains the same, except Trust and not XYZ or ABC (now LLC) acquires the new lease rights and vehicles from the Dealers.

LLC, as the successor by merger to XYZ and ABC, is bound by the leases executed by XYZ and ABC. Vehicles subject to pre-November 30, 2001, leases are traded in by LLC to the Dealers (whether directly or through auction). However, Trust acquires title to the newly purchased replacement motor vehicles and related leases. XYZ and ABC continue to maintain the required contracts and supporting documentation in their names relating to advanced trade-in credits to be used to offset future vehicle purchases by Trust.

Proposed Transaction:

Vehicles subject to a lease entered into prior to November 30, 2001, will be relinquished to LLC at lease termination. LLC will immediately sell the vehicles to Trust for cash and Trust will issue a resale exemption certificate to LLC. As part of the sale, LLC will endorse the vehicle title to Trust. Trust will then deliver the vehicle to an auction house or trade-in the vehicle to a Dealer and issue the proper documentation to be eligible for an advance trade-in credit against future vehicle purchases from the Dealer.

Discussion

The Illinois ROT and UT are imposed on the selling price of tangible personal property sold or purchased at retail. 'Sale at retail' is defined as 'any transfer of the ownership of or title to tangible personal property to a purchaser, for the purpose of use or consumption, and *not for the purpose of resale* in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable consideration.'² (emphasis added.) A 'sale for resale cannot be made tax-free unless the purchaser has an active registration number or active resale number from the Department and gives such number to suppliers in connection with certifying to the supplier that any sale to such purchaser is nontaxable because of being a sale for resale.'³

'Selling price' does not include the value of or credit given for traded-in tangible personal property where the item that is traded-in is of like kind and character as that which is being sold.⁴ The phrase 'like kind and character' is liberally construed (including any form of motor vehicle for any other form of motor vehicle). An advance trade credit (as opposed to a simultaneous trade) is a trade-in credit earned as the result of the trade-in of a vehicle against the future purchase price of a vehicle where

¹ 805 ILCS 5/11.50.

² 35 ILCS 105/2 and 35 ILCS 120/1.

³ 86 Ill. Adm. Code 130.210(c).

⁴ 35 ILCS 105/2.

the purchaser is contractually obligated to make the purchase within 9 months after the trade.⁵

A dealer may reduce reportable gross receipts by the value of credit given for a traded-in motor vehicle if a motor vehicle is traded-in against the purchase of a new or used motor vehicle.⁶ 'A dealer may [also] reduce his gross receipts by the *value of or credit given* for a traded-in motor vehicle where ... a lessor trades a motor vehicle he **owns** on the purchase of a new or used motor vehicle for subsequent lease.'⁷ (emphasis added). The term 'owner' is defined as the holder of the title.⁸ If Trust holds the title by endorsement from LLC, then Trust is the owner of the vehicle for purposes of the trade-in credit. A dealer may also reduce reportable gross receipts by the value given for a traded-in motor vehicle owned by someone other than the buyer provided that the prior owner provides: (a) proof of ownership of the item offered, (b) assigns the item directly to the dealer, and (c) provides the buyer with written authorization for the trade specifying the item traded in, the item purchased, and the buyer on whose behalf the trade-in is offered.⁹ However, the administrative rules provide that an advance trade-in credit (as opposed to a simultaneous trade-in credit) is not available if someone other than the purchaser of the new vehicle is the owner of the traded-in vehicle.¹⁰ Finally, a dealer may reduce reportable gross receipts where the dealer executes a lease but assigns the lease to a purchasing lessor if the motor vehicle is traded in by the lessor and the dealer sells a new vehicle and related lease directly to the lessor (provided that the lease and vehicle are assigned to the lessor making the trade and title is issued directly to the lessor making the trade (an not to the dealer)).¹¹

The value of a traded-in vehicle is the amount of value assigned to the vehicle by the dealer, reduced by any cash payments received by the prior owner of the traded-in vehicle, and without regard to any outstanding debt owed on the traded-in vehicle.¹²

The required documentation to substantiate an advance trade-in credit is: (a) a contract with the dealer that establishes (i) the value of the credit given for the traded-in vehicle, (ii) the obligation to purchase a vehicle and (iii) the date of expiration of the trade-in credit, (b) the bill of sale for the traded-in vehicle, and (c) the sales or use tax return evidencing the purchase of the new or used vehicle and recording the application of the advance trade-in credit. The required documentation to substantiate the trade-in credit must be retained by the dealer and must be made available to the Department for inspection or audit.¹³ A retailer required to collect Illinois Use Tax is liable to the Department for the tax, and must remit the tax, regardless of whether the tax has been collected by the retailer.¹⁴

A trade-in credit is available when a single vehicle is traded-in to the dealer on the purchase of more than one vehicle. The dealer may split the amount of the trade-in credit from the traded-in vehicle and apply it to the purchase price of one or more new

⁵ 86 Ill. Adm. Code 130.455(a).

⁶ 86 Ill. Adm. Code 130.455(c)(1)(B).

⁷ 86 Ill. Adm. Code 130.455(c)(1)(B).

⁸ 86 Ill. Adm. Code 130.455(c)(2)(A).

⁹ 86 Ill. Adm. Code 130.455(c)(1)(C).

¹⁰ 86 Ill. Adm. Code 130.455(d).

¹¹ 86 Ill. Adm. Code 130.455(c)(1)(D).

¹² 86 Ill. Adm. Code 130.455(b)(1).

¹³ 86 Ill. Adm. Code 130.455(g).

¹⁴ 35 ILCS 105/8.

vehicles so long as the trade-in and purchases are recorded as a single transaction.¹⁵ Additionally, a trade-in credit is available when more than one vehicle is traded-in to a dealer against the purchase of a single new or used vehicle so long as the trade-ins and sale are recorded as a single transaction.¹⁶ A multiple trade-in transaction or split trade-in transaction may only be used in conjunction with an advance trade-in transaction if the transfer of all vehicles involved in the trade are recorded as a single transaction and the purchaser is contractually obligated to purchase vehicles from the dealer within the 9 month time period.¹⁷

Requested Rulings

1. That the Illinois 'simultaneous' trade-in credits arising from the trade-in of off-lease vehicles previously owned by XYZ or ABC (other than at auction) are eligible to be used to reduce the sales tax base on replacement vehicles that will be purchased by Trust.
 - The credit is available so long as LLC (as successor to XYZ and ABC): (a) provides proof of ownership of the vehicle to be traded, (b) assigns the vehicle directly to the Dealer, and (c) provides Trust with written authorization for the trade specifying the vehicle traded in, the vehicle purchased, and the buyer on whose behalf the trade-in is offered (Trust).¹⁸
2. That the Illinois 'simultaneous' trade-in credits arising from the trade-in of off-lease vehicles previously owned by XYZ or ABC and purchased by a motor vehicle Dealer at auction are eligible to be used to reduce the sales tax base on replacement vehicles purchased by Trust for re-lease provided that the Dealer purchasing the vehicle at auction is the same Dealer that sells the replacement vehicle to LLC. If the credits are eligible, please indicate how long after the trade-in trust has within which to purchase the replacement vehicles.
 - The credit is available so long as LLC (as successor to XYZ and ABC): (a) provides proof of ownership of the item offered, (b) assigns the item directly to the Dealer, and (c) provides Trust with written authorization for the trade specifying the item traded in, the item purchased, and the buyer on whose behalf the trade-in is offered (Trust).¹⁹
3. That the sale from LLC to Trust is not subject to ROT or UT, since it is a sale for resale and Trust has an active registration number and provides such number and a resale certificate to LLC at the time of purchase.
 - The Illinois ROT and UT are imposed on the selling price of tangible personal property sold or purchased at retail. 'Sale at retail' is defined as 'any transfer of the ownership of or title to tangible personal property to a purchaser, for the purpose of use or consumption, and *not for the purpose of resale* in any form as tangible personal property to the extent not first subjected to a use for which it was purchased, for a valuable

¹⁵ 86 Ill. Adm. Code 130.455(e)(2).

¹⁶ 86 Ill. Adm. Code 130.455(e)(1).

¹⁷ 86 Ill. Adm. Code 130.455(e)(3).

¹⁸ 86 Ill. Adm. Code 130.455(c)(1)(C).

¹⁹ 86 Ill. Adm. Code 130.455(c)(1)(C).

consideration.’²⁰ (emphasis added). A sale for resale can be made tax-free if the purchaser has an active registration number or active resale number from the Department and gives such number to suppliers in connection with certifying to the supplier that any sale to such purchaser is nontaxable because of being a sale for resale.²¹

4. Trust is the owner of the motor vehicle, and thus able to obtain a trade-in credit (either simultaneous or in advance) on the purchase of a new or used motor vehicle for subsequent lease, upon endorsement of the title by LLC to TRUST.
 - The ‘owner’ of the vehicle is defined as the holder of the title.²² Thus, if TRUST holds the title by virtue of the endorsement of the title by LLC, TRUST is the owner for purposes of the trade-in credit.
5. That the Department advise the Taxpayers as to the date that triggers the time period within which a qualifying advance trade-in must be completed (i.e., the date the paperwork memorializing the trade-in of the off-lease vehicle is completed, the date the vehicle is sent to auction, or the date the trade-in vehicle arrives on the Dealer's lot after the sale to the Dealer).
 - An advance trade credit is a trade-in credit earned as the result of the trade-in of a vehicle against the future purchase price of a vehicle where the purchaser is contractually obligated to make the purchase within 9 months after the trade.²³ The date the paperwork memorializing the trade-in is completed is the date from which the purchaser should have 9 months to purchase the replacement vehicle.
6. That the value of the trade-in credit is equal to the amount of the purchase price (as opposed to the assigned residual value) of the vehicle being traded-in.
 - The value of a traded-in vehicle is the amount of value assigned to the vehicle by the Dealer, reduced by any cash payments received by the prior owner of the traded-in vehicle, and without regard to any outstanding debt owed on the traded-in vehicle.²⁴ Thus, if the purchase price offered by the Dealer and the residual value assigned to the vehicle in the lease agreement are different, the value of the trade-in is the purchase price offered by the Dealer.
7. That the documentation required to support an advance trade-in credit is (a) a contract with the Dealer which establishes (i) the value of the credit given for the traded-in vehicle, (ii) the obligation to purchase a vehicle and (iii) the date of expiration of the trade-in credit, (b) the bill of sale for the traded-in vehicle, and (c) the sales or use tax return evidencing the purchase of the new or used vehicle and recording the application of the advance trade-in credit.

²⁰ 35 ILCS 105/2 and 35 ILCS 120/1.

²¹ 86 Ill. Adm. Code 130.210(c).

²² 86 Ill. Adm. Code 130.455(c)(2)(A).

²³ 86 Ill. Adm. Code 130.455(a).

²⁴ 86 Ill. Adm. Code 130.455(b)(1).

8. That the documentation required in 7 above must only be maintained by the Dealer (and not any other Taxpayer other than the Dealer) and that such documentation is not required if the trade-in is 'simultaneous' (and not an 'advance' trade-in).
- Documentation and records evidencing a trade-in credit utilized for a particular transaction must be retained and must be made available to the Department for inspection or audit.²⁵ A retailer required to collect Illinois Use Tax is liable to the Department for the tax, and must remit the tax, regardless of whether the tax has been collected by the retailer.²⁶ Therefore, if the proper documentation is not maintained or the trade-in credit is found to be invalid, the Dealer as the retailer is liable to the Department for any underpayment of tax. Thus, the Dealer is solely responsible for maintaining the records evidencing the trade-in credit.
9. That more than one off-lease vehicle may be used to reduce the tax base of a replacement vehicle and one off-lease vehicle may be used to reduce the tax base of more than one replacement vehicle.
- The Dealer may split the amount of the trade-in credit from the traded-in vehicle, and apply it toward the purchase price of one or more new vehicles so long as the trade-in and purchases are recorded as a single transaction.²⁷ Similarly, the Dealer may use the cumulative trade-in credits from the traded-in vehicles to reduce the gross receipts from the sale of the newly purchased vehicle so long as the trade-ins and sale are recorded as a single transaction.²⁸
10. That TRUST is entitled to use trade-in credits that are generated by the trade-in of off-lease vehicles to reduce the tax base of other off-lease vehicles that are being purchased by lease customers.
- A Dealer may reduce reportable gross receipts by the value given for a traded-in motor vehicle owned by someone other than the buyer provided that the prior owner provides: (a) proof of ownership of the item offered, (b) assigns the item directly to the Dealer, and (c) provides the buyer with written authorization for the trade specifying the item traded in, the item purchased, and the buyer on whose behalf the trade-in is offered.²⁹ Thus, TRUST may use trade-in credits generated by the trade-in of off-lease vehicles to reduce the tax base of other off-lease vehicles that are being purchased by other TRUST lessees.
11. That the trade-in credit available in #10 may be split and applied to the purchase of more than one off-lease vehicle by more than one lessee and/or combined with other credits to reduce the tax base of the purchase of one off-lease vehicle by one lessee.

²⁵ 86 Ill. Adm. Code 130.455(g).

²⁶ 35 ILCS 105/8.

²⁷ 86 Ill. Adm. Code 130.455(e)(2).

²⁸ 86 Ill. Adm. Code 130.455(e)(1).

²⁹ 86 Ill. Adm. Code 130.455(c)(1)(C).

- The Dealer may split the amount of the trade-in credit from the traded-in vehicle, and apply it toward the purchase price of one or more new vehicles so long as the trade-in and purchases are recorded as a single transaction.³⁰ Similarly, the Dealer may use the cumulative trade-in credits from the traded-in vehicles to reduce the gross receipts from the sale of the newly purchased vehicle so long as the trade-ins and sale are recorded as a single transaction.³¹

In the event that you have any questions or issues in connection with issuing this ruling, please call me.

DEPARTMENT'S RESPONSE:

A retailers gross receipts from the sale of tangible personal property do not include the value of, or credit given for, traded-in tangible personal property when the item that is traded-in is of like kind and character as that which is being sold. See 86 Ill. Adm. Code 130.425. Motor vehicles can be used as trade-ins with motor vehicle retailers in two distinct types of situations. The first situation is what you refer to in your letter as a "simultaneous trade-in" situation. These are the traditional trade-in situations that occur at the same time as part of a single transaction. The second situation concerns transactions involving advance trade-ins. See 86 Ill. Adm. Code 130.455(d).

In reference to your requested ruling number 1:

For simultaneous trade-ins, the trade-in value of the "off-lease" vehicle provided by LLC may be used to reduce the taxable selling price of the vehicle purchased by Trust, if LLC provides documentation that it (1) is the legal owner of an "off-lease" motor vehicle; (2) assigns the ownership of that vehicle to a motor vehicle dealer; and (3) provides written authorization to the dealer that specifies the vehicle being traded-in, that the trade-in is for the benefit of Trust, and identifies the vehicle that Trust is purchasing. However, LLC cannot trade-in a motor vehicle on behalf of Trust in any advance trade-in situation. See 86 Ill. Adm. Code 130.455(d)(3).

In reference to your requested ruling number 2:

Generally, trade-in credits are not available in auction situations. The sale of a motor vehicle at an auction and the purchase of another vehicle at that auction are normally treated as separate sales and no trade-in is allowed. However, if the seller of the motor vehicle at the time of the auction is a disclosed principle as described in subsection (b) of 86 Ill. Adm. Code 130.1915 and that seller is contractually obligated to purchase another motor vehicle within 9 months from the purchaser of that motor vehicle, then the auctioned vehicle may be used by that seller as an advance trade-in on the purchase of another vehicle as long as all of the requirements of subsection (d) of Section 130.455 are met.

In reference to your requested ruling number 3:

³⁰ 86 Ill. Adm. Code 130.455(e)(2).

³¹ 86 Ill. Adm. Code 130.455(e)(I).

A sale of an “off-lease” motor vehicle from LLC to Trust will be treated as a nontaxable sale for resale if LLC properly documents the sale by acceptance of a properly executed Certificate of Resale for each sale, or a blanket Certificate of Resale, provided by Trust. See 86 Ill. Adm. Code 130.1405.

In reference to your requested ruling number 4:

Upon Trust’s purchase of a vehicle as described in our response to requested ruling number 3 above, Trust may use that motor vehicle as a trade-in (either as a simultaneous trade-in or advance trade-in) in regards to the purchase of another motor vehicle from a motor vehicle dealer.³²

In reference to your requested ruling number 5:

A transaction may constitute an advance trade-in, if at the time the vehicle is traded to the dealer, the seller becomes contractually obligated to purchase one or more vehicles from the dealer within 9 months after the date of the advance trade-in transaction. 86 Ill. Adm. Code 130.455(d). As we have discussed in our telephone conversation, auction situations are generally not eligible for advance trade-in treatment under Section 130.455. See our answer to requested ruling number 2.

As noted in Subsection (d) of Section 130.455, the date that begins the 9-month time period within which Trust is contractually obligated to make a purchase of a motor vehicle is the date when the original vehicle is traded-in by the seller to the dealer. The trade-in of the vehicle occurs, at the time when the dealer becomes contractually bound to accept the trade-in vehicle from Trust. The date upon which the vehicle is disposed of by the dealer or when the dealer receives the vehicle on the dealer’s lot has no application to when the 9-month trade-in period begins.

In reference to your requested ruling number 6:

The value of the trade-in credit is the amount assigned to the vehicle by the dealer and Trust, reduced by any cash or other payment received by Trust from the dealer, and without regard to any outstanding debt owed on the traded-in vehicle. See 86 Ill. Adm. Code 130.455(b). You are correct that if the purchase price agreed upon between the dealer and Trust is different than the residual value assigned to the vehicle in the lease agreement, the value of the trade-in is based on the agreed upon price between the dealer and Trust.

In reference to your requested ruling number 7:

As required by 86 Ill. Adm. Code 130.455(d)(3), the documentation necessary to evidence an advance trade-in by Trust is:

- (1) a signed written contract between the motor vehicle dealer and Trust establishing: the agreed upon value of the traded-in vehicle; Trust’s obligation to purchase a motor vehicle from that dealer; and the date of expiration of Trust’s advance trade-in credit with that dealer (9-months from the date of the trade-in);
- (2) the bill of sale for the traded-in vehicle; and

³² We understand that the transfer of legal title to a motor vehicle may be made by the endorsement of LLC to Trust on a certificate of title, and that a subsequent transfer of such legal title by Trust to another motor vehicle dealer may be accomplished without Trust sending such title certificate to the Secretary of State. This understanding is based upon the language of Section 3-113 of the Illinois Vehicle Code. 625 ILCS 5/3-113.

- (3) that dealer's sales or use tax return evidencing the purchase of the new or used vehicle by Trust and recording the application of the advance trade-in credit.

In reference to your requested ruling number 8:

The documentation evidencing trade-ins must be kept by motor vehicle dealers to document the trade-ins for Retailers' Occupation Tax liability and Use Tax collection purposes. You are incorrect that the Dealer is solely responsible for maintaining records evidencing the trade-in credits. Trust should also retain copies of this documentation for Use Tax compliance purposes. See 86 Ill. Adm. Code 150.1301 and 130.455(g). Trust will remain liable for any underpayment of its Use Tax liability on the purchase of the vehicle if the trade-in credit is found to be invalid.

In reference to your requested ruling number 9:

Trust may trade-in more than one vehicle towards the purchase of a new or used vehicle so long as the trade-ins and purchase are recorded as a single transaction. See 86 Ill. Adm. Code 130.455(f)(1). Trust may also trade-in a single vehicle to a dealer on the purchase of more than one new or used vehicle (split trade-in transaction) as long as the trade-in and purchases are recorded as a single transaction. See 86 Ill. Adm. Code 130.455(f)(1).

In reference to your requested ruling number 10:

Except in advance trade-in situations, Trust may provide an "off-lease" vehicle as a trade-in for a third party (including a lease customer), if Trust assigns ownership of the vehicle to the dealer and provides the dealer with written authorization for the trade-in evidencing that the trade-in is for the benefit of the third party. The authorization must identify the vehicle to be traded-in and the vehicle to be purchased by the third party. See 86 Ill. Adm. Code 130.455(c)(1)(C).

In reference to your requested ruling number 11:

Except in advance trade-in situations, Trust may provide an "off-lease" vehicle as a split trade-in for more than one third party when those third parties purchase new or used vehicles so long as the trade-in and purchases are recorded as a single transaction. See generally, 86 Ill. Adm. Code 130.455(c)(1)(C). Likewise, except in advance trade-in situations, Trust may also provide more than one "off-lease" vehicle for use as a trade-in for a third party's purchase of a new or used vehicle so long as the trade-ins and purchase are recorded as a single transaction.

The factual representations upon which this ruling are based are subject to review by the Department during the course of any audit, investigation, or hearing and this ruling shall bind the Department only if the factual representations as recited in this ruling are correct and complete. This ruling will cease to bind the Department if there is a pertinent change in statutory law, case law, rules or in the factual representations recited in this ruling.

I hope this information is helpful. If you have further questions concerning this Private Letter ruling, you may contact me at (217) 782-2844. If you have further questions related to the Illinois sales tax laws, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Terry D. Charlton
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TDC:msk